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E.O. 11652: GDS
TAGS: AMGT PFOR XX
SUBJECT: ANNUAL POLICY AND RESOURCES ASSESSMENT:
PART I - POLICY ASSESSMENT FOR FRANCE

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REF: STATE 38356

SUMMARY
THE MAJOR EVENT OF THE NEXT 12 MONTHS WILL BE THE 1978
LEGISLATIVE ELECTIONS, A CRUCIAL TRANSFER POINT ON
THE LONG PERILOUS ROAD TO A NEW BROAD CENTRIST POLITICAL
CONSENSUS FOR FRENCH DEMOCRACY IN THE 1980'S.

OUR VIEW IS THAT A VICTORY OF CURRENT RULING COALITION WOULD BE BETTER FOR FRANCE AND FOR WESTERN INTERESTS THAN A HIGH-RISK INTERLUDE IN POWER FOR THE SOCIALIST-COMMUNIST UNION OF THE LEFT. WE THEREFORE RECOMMEND THAT WHILE WE SCRUPULOUSLY REFRAIN FROM INTERFERENCE, THE US SEEK FOREIGN POLICY OPTIONS AND METHODS DESIGNED TO ENHANCE THE STATESMAN'S IMAGE OF GISCARD AND BARRE. WE CAN EXPECT TO HAVE ONLY A MARGINAL IMPACT ON FRENCH OPINION WHICH IS CONCERNED MAINLY WITH INTERNAL PROBLEMS, BUT FROM THE PERSPECTIVE OF A CLOSE ELECTION, EVERY ELEMENT COUNTS. SIMULTANEOUSLY, WITH THE ELECTORAL TIDE CLEARLY RUNNING TOWARD A LEFT VICTORY, WE SHOULD INTENSIFY OUR DIALOGUE WITH THE LEFT LEADERSHIP, ESPECIALLY THE SOCIALISTS. THE OBJECTIVE IS TWO-FOLD -- BE READY TO DEAL WITH A POSSIBLE NEW REGIME FROM THE VERY BEGINNING, AND HELP TO EDUCATE A NEW GENERATION OF POTENTIAL MINISTERS AND PARLIAMENTARIANS, MOST OF WHOM ARE INEXPERIENCED, AND THEREFORE HAVE A LOT TO LEARN ABOUT THE REALITIES OF POWER, ESPECIALLY IN FOREIGN AFFAIRS.

THE ELECTION CAMPAIGN AND ITS AFTERMATH WILL IMPACT HEAVILY ON ALL OTHER BUSINESS WHICH IS ALL THE MORE REASON WHY WE SHOULD MAKE SURE THAT FRANCO-AMERICAN RELATIONS CONTINUE TO EVOLVE ALONG LINES FAVORABLE TO US INTERESTS. IN THIS CONTEXT, OUR ASSESSMENT

--- CALLS FOR EFFORTS TO AUGMENT DEFENSE COOPERATION;

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--- POINTS OUT THE ADVANTAGES OF AUGMENTED NUCLEAR INTERDEPENDENCE;

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--- UNDERSCORES THE VALUE TO OUR GLOBAL
INTERESTS OF FRANCE'S MAVERICK POSITION IN FOREIGN
POLICY, PROVIDED WE PLAY THAT CARD WITH INGENUITY;
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--- PROVIDES A CHECKLIST OF IMPORTANT ECONOMIC
AND MONETARY ISSUES FOR WHICH FRENCH COOPERATION IS
ESSENTIAL; AND

--- SUGGESTS THE IMPORTANCE OF A CLOSELY
COORDINATED APPROACH TO BELGRADE IN VIEW OF THE GOF'S
CONCERN ABOUT THE RELATIONSHIP OF HUMAN RIGHTS TO
DETENTSDETENTE.

AMONG THE NEW IDEAS INTRODUCED ARE PROPOSALS TO BE
SELECTIVELY LESS AGGRESSIVE IN INFLUENCING EC-9
POLITICAL DECISIONS, AND TO RECOMMEND A HIGH-LEVEL
JOINT STUDY OF SCIENCE AND TECHNOLOGY POLICIES
DESIGNED TO STRETCH TIGHT BUDGETS ON BOTH SIDES.
END SUMMARY

SECTION A: PRINCIPAL LONG-TERM US INTERESTS IN FRANCE

1. INTERNAL STABILITY -- IN AN EXTENDED TRANSITION PERIOD BETWEEN THE DECLINE OF GAULLISM AND AN UNCERTAIN FUTURE, FRANCE CANNOT TAKE THE CONTINUATION OF ITS INTERNAL POLITICAL STABILITY FOR GRANTED IN THE NEXT 18 MONTHS TO FIVE YEARS. CRUCIAL LEGISLATIVE ELECTIONS IN MARCH, 1978, CAN PRODUCE SEVERAL POSSIBLE SCENARIOS, NONE OF WHICH WILL BE WITHOUT CONSTITUTIONAL, POLITICAL OR ECONOMIC PERIL FOR FRANCE, NOR FOREIGN POLICY DANGERS FOR THE UNITED STATES. BECAUSE ALL US INTERESTS IN FRANCE, AS WELL AS MANY IN EUROPE, WILL BE PROFOUNDLY INFLUENCED BY FRANCE'S ABILITY TO FUNCTION EFFECTIVELY AS A SOCIO-POLITICAL ENTITY, WE PLACE THIS SUBJECT AT THE TOP OF THE LIST THIS YEAR.

2. DEFENSE -- UNITED STATES INTERNATIONAL SECURITY REQUIREMENTS ARE INTIMATELY INVOLVED WITH THOSE OF WESTERN EUROPE. WITH THE LARGEST MILITARY ESTABLISHMENT IN WESTERN EUROPE, AND WITH NUCLEAR FORCES THAT

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THE SOVIETS SHOULD TAKE SERIOUSLY, FRANCE HAS AN IMPORTANT ROLE TO PLAY IN THE DEFENSE OF THE WEST.

3. ECONOMIC -- FRANCE'S ECONOMIC IMPORTANCE TO THE UNITED STATES DERIVES ONLY PARTLY FROM ITS POSITION AS A LEADING INDUSTRIAL COUNTRY. WHAT IS MORE IMPORTANT IS FRANCE'S VITAL POSITION IN THE EUROPEAN COMMUNITY, WHICH IS FOR ALL PRACTICAL PURPOSES AN ECONOMIC UNIT OF EQUAL WEIGHT TO THE UNITED STATES ITSELF. MORE OFTEN THAN NOT, FRANCE'S ROLE IN DETERMINING THE EC STANCE ON ECONOMIC ISSUES IS CRUCIAL. THE FACT IS THAT AS THE WORLD'S FIFTH LARGEST INDUSTRIAL POWER, AS THE SECOND LARGEST EXPORTER OF AGRICULTURAL COMMODITIES, AS THE THIRD EXPORTER OF CONVENTIONAL ARMS, AND AS A KEY PARTICIPANT IN THE EC-9, FRANCE PLAYS A MAJOR ROLE IN THE ECONOMIC INTERDEPENDENCE OF EUROPE AND THE UNITED STATES. FRANCE'S DOMESTIC AND FOREIGN ECONOMIC POLICIES ARE THEREFORE RARELY WITHOUT INTEREST TO THE UNITED STATES.

4. GLOBAL DIPLOMATIC COOPERATION -- ALTHOUGH NO LONGER A GREAT POWER, FRANCE NEVERTHELESS RETAINS A CONSIDERABLE DEGREE OF WORLD INFLUENCE, PARTICULARLY IN AFRICA, THE MIDDLE EAST AND EASTERN EUROPE. FRANCE ALSO PLAYS A LEADING ROLE IN DETERMINING THE EUROPEAN COMMUNITY'S

FOREIGN POLICIES. THE FRENCH THUS HAVE THE CAPACITY TO
BE EITHER HELPFUL OR IRHIBITING TO THE UNITED STATES IN
AN INCREASINGLY COMPLEX MULTILATERAL ENVIRONMENT. UNDER
PRESIDENT GISCARD D'ESTAING, US-FRENCH DIFFERENCES ON
MOST FOREIGN POLICY ISSUES HAVE NARROWED SIGNIFICANTLY,
INCLUDING THE SENSITIVE AREA OF EAST-WEST RELATIONS. IT
WILL BE IMPORTANT TO US INTERESTS, BOTH IN THE IMMEDIATE
ELECTORAL PERIOD AHEAD, AND IN THE LONG TERM UNDER MODI-
FIED GOVERNING COALITIONS, THAT

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FRENCH FOREIGN POLICY NOT REGRESS FROM THIS RELATIVELY
FAVORABLE POSTURE.

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5. NUCLEAR -- FRANCE CAN NOW SELL TECHNICALLY
QUALIFIED AND ECONOMICALLY COMPETITIVE NUCLEAR
TECHNOLOGIES AND FUEL CYCLE SERVICES. FULL COOPERATION
OF FRENCH POLICIES AND PRACTICES IS A PRACTICAL
NECESSITY FOR ANY FORM OF SIGNIFICANT LIMITATION ON
NUCLEAR WEAPONS PROLIFERATION.

6. SCIENCE AND TECHNOLOGY -- FRENCH INVESTMENTS IN
SCIENCE AND TECHNOLOGY TODAY FORM THE BASE FOR
COOPERATION OR CONFLICT WITH FUTURE US HIGH TECHNOLOGY
EXPORT POLICIES, ENVIRONMENTAL STANDARDS, AND HUMAN
HEALTH AND SAFETY OBJECTIVES. COORDINATION OF TODAY'S
RESEARCH AND DEVELOPMENT POLICIES AND PRACTICES
BETWEEN THE US AND FRANCE, AS WELL AS BILATERAL
COLLABORATION IN SELECTED AREAS WILL REDUCE THE
POTENTIAL FOR FUTURE CONFLICT, AND IMPROVE THE
ECONOMIC RETURN TO EACH COUNTRY ON CURRENT INVESTMENTS
IN SCIENCE AND TECHNOLOGY.

7. CONSULAR -- AS THE VOLUME OF INTERNATIONAL
TRANSACTIONS, INCLUDING TRAVEL, INCREASES, ALL US
FOREIGN POLICY INTERESTS WILL BE SERVED BY THE PRO-
VISION OF NECESSARY SERVICES BY THE EMBASSY AND
CONSTITUENT POSTS IN AN EFFICIENT, TIMELY AND HELPFUL
MANNER.

SECTION B: OVERVIEW

8. INTERNAL POLITICAL -- THE MOST IMPORTANT
ENVIRONMENTAL FACTOR AFFECTING OUR INTERESTS IN
FRANCE FOR THE NEXT TWO YEARS WILL BE THE LEGISLATIVE
ELECTIONS SCHEDULED FOR MARCH, 1978, INCLUDING THE
CAMPAIGN LEADING UP TO THEM, AND THE SUBSEQUENT
PERIOD OF ADJUSTMENT FOR FRENCH SOCIETY. ALTHOUGH
ROUTINE IN A CONSTITUTIONAL SENSE, THE 1978 ELECTIONS
CONTAIN THE POTENTIAL FOR MAJOR UPHEAVAL IN FRENCH

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POLITICAL LIFE, INCLUDING THE POSSIBILITY OF INSTITUTION-AL CRISIS. AT THIS POINT, THE EMBASSY IS PREDICTING NEITHER UPHEAVAL NOR CRISIS, BUT THERE IS A HEADY AURA OF CHANGE IN THE AIR THAT CANNOT FAIL TO HAVE AN IMPACT DURING THE NEXT TWELVE MONTHS ON ALL ELEMENTS OF PUBLIC POLICY, INCLUDING FOREIGN RELATIONS, PRIVATE BUSINESS PLANNING, AND THE GOVERNMENT'S CHOICE OF SOCIO-ECONOMIC OPTIONS.

9. THE SEEDS OF INSTABILITY ARE CONTAINED IN THE FOLLOWING FIVE ELEMENTS OF THE 1978 ELECTIONS:

--- THE STRONG POSSIBILITY THAT THE NEW MAJORITY IN PARLIAMENT WILL GIVE FRANCE ITS FIRST LEFT GOVERNMENT DEDICATED TO A SOCIALIST SOCIETY IN 40 YEARS.

--- THE VIRTUAL CERTAINTY THAT IF A LEFT PARLIAMENTARY MAJORITY COMES TO POWER, THE COMMUNIST PARTY WILL ENTER THE FRENCH GOVERNMENT FOR THE FIRST TIME SINCE THE ESTABLISHMENT OF NATO.

--- IN THE EVENT OF A LEFT GOVERNMENT IN 1978, THE PRESIDENT AND PRIME MINISTER WILL BE FROM OPPOSING POLITICAL COALITIONS FOR THE FIRST TIME UNDER THE FIFTH REPUBLIC CONSTITUTION.

--- EVEN IF THE LEFT FAILS TO WIN A MAJORITY IN PARLIAMENT IN 1978, IT IS LIKELY THAT THE SOCIALISTS WILL BECOME THE LARGEST SINGLE BLOCK IN THE NATIONAL ASSEMBLY, AND THE GAULLISTS WILL SUFFER A CONSIDERABLE DECLINE, THEREBY CHANGING PROFOUNDLY THE BASIC ARITHMETIC OF POLITICAL POWER.

--- IT CANNOT BE EXCLUDED THAT THE FRENCH ELECTORATE WILL FAIL TO MAKE A CLEAR-CUT DECISION IN 1978, THEREBY PLACING FRANCE IN THE SAME HESITANT CATEGORY AS THE UK AND THE FRG, ALSO TROUBLED BY VIRTUAL 50-50 DIVISIONS IN THEIR NATIONAL LEGISLATURES.

10. THE CHALLENGE TO US POLICY IN THE FRENCH INTERNAL
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POLITICAL SITUATION IS TWOFOLD. FIRST, WE WILL NEED TO TAKE THIS ELEMENT INTO CONSIDERATION IN POLICY FORMULATION TO A MUCH GREATER DEGREE THAN USUAL. SECONDLY, WE HAVE REACHED THE POINT WHERE USG PREPARATION FOR A MAJOR CHANGE IN FRANCE'S POLITICAL POWER STRUCTURE SHOULD SHIFT INTO HIGHER GEAR. THE

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EMBASSY BELIEVES THAT CURRENT US POLICY IS ALREADY
ATTUNED TO BOTH FRANCE'S ELECTORAL SITUATION AND
POTENTIAL FOR MAJOR CHANGE. THE NEXT SECTION OF THIS
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MESSAGE WILL CONTAIN RECOMMENDATIONS FOR EVEN FINER TUNING AND MORE INTENSIVE PREPARATIONS.

11. ECONOMIC STABILIZATION -- CLOSELY INTERTWINED WITH THE INTERNAL POLITICAL SITUATION, IS THE ELEMENT OF ECONOMIC STABILIZATION. SINCE SEPTEMBER, 1976, THE PRESENT GOVERNMENT HAS ASSIGNED HIGHEST PRIORITY TO PRIME MINISTER BARRE'S PROGRAM DESIGNED TO REDUCE DOUBLE DIGIT INFLATION TO 6.5 BY THE END OF 1977; TO MAKE FRANCE MORE COMPETITIVE IN FOREIGN COMMERCE; AND EVENTUALLY TO RETURN TO FULL EMPLOYMENT AND NORMAL GROWTHS OF PRODUCTIVITY AND PURCHASING POWER. THERE IS LITTLE DOUBT THAT MOST FRENCH FOREIGN AND DOMESTIC POLICY IN THE NEXT YEAR WILL BE HEAVILY ORIENTED TOWARD SUPPORT OF THE BARRE PLAN. THIS MEANS THAT FRANCE'S EXTERNAL RELATIONS WILL CONTINUE TO EMPHASIZE MULTILATERAL ECONOMIC COORDINATION TO THE EXTENT THAT BARRE PLAN OBJECTIVES WILL BE ENHANCED, AND FRENCH NATIONALISM TO THE EXTENT THAT BARRE PLAN ACHIEVEMENTS MUST BE PROTECTED. IN EFFECT, THE BARRE PLAN IS FRANCE'S RESPONSE TO THE FIRST MAJOR DISLOCATION OF THE WESTERN ECONOMIC SYSTEM SINCE THE 1930'S. TO THE DEGREE THAT WE SEE A REQUIREMENT FOR FRENCH COOPERATION IN THE FORMULATION OF OUR OWN RESPONSE, WE NEED TO TAKE INTO ACCOUNT THE BARRE PROGRAM'S INFLUENCE ON FRENCH NATIONAL AND INTERNATIONAL ECONOMIC POLICY.

12. EUROPEAN CONSCIOUSNESS -- UNLIKE THE EUPHORIA GENERATED BY JEAN MONNET'S IDEA OF EUROPE IN THE 1950S AND THE DEEP CYNICISM CAUSED BY DE GAULLE'S EMPTY CHAIR IN THE 1960S, FRANCE'S EUROPEAN CONSCIOUSNESS OF THE 1970S IS GROWING ALMOST IMPERCEPTIBLY TO THE MAN-IN-THE-STREET. IN OUR VIEW, THEREIN LIES ITS STRENGTH AND POTENTIAL FOR SIGNIFICANT POSITIVE OR NEGATIVE IMPACT ON US INTERESTS.

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USNATO HAS REPORTED SECRETARY GENERAL LUNS' CONCERN THAT INTENSIFIED EC-9 POLITICAL COHESION IS A POTENTIAL DANGER TO THE COHESION OF THE ALLIANCE. WHILE WE DISAGREE WITH LUNS' CONCLUSION, WE FIND IT SIGNIFICANT THAT EC-9 POLITICAL COOPERATION IS BECOMING SUFFICIENTLY SUBSTANTIVE TO MERIT THIS TYPE OF HIGH-LEVEL RECOGNITION. THE WHOLE DAY-TO-DAY OPERATION OF EUROPEAN POLITICAL CONSULTATIONS, COMPLETE WITH A SPECIALLY TAILORED COMMUNICATIONS

NETWORK, VARIOUS LAYERS OF EXPERT AND DECISION-
MAKING BODIES, AND A GEOGRAPHIC OMNIPRESENCE, REFLECTS,
WE BELIEVE, A SLOW GROWTH OF POLITICAL TISSUE AND
MUSCLE WHICH SHOULD INHIBIT US FROM TYPECASTING THE
EC-9 AS "JUST A CUSTOMS UNION."

13. NUCLEAR -- FRANCE IS FIRMLY COMMITTED TO FULL
APPLICATION OF LIGHT WATER REACTORS FOR NEW COMMERCIAL
POWER APPLICATIONS AND TO THE FUTURE (CIRCA 1990)
USE OF BREEDER REACTORS. FRANCE ALSO HAS MORE THAN
ADEQUATE FUEL CYCLE SERVICES FACILITIES (MINING,
PROCESSING, ENRICHMENT, FABRICATION, REPROCESSING
AND WATER TREATMENT) TO MEET DOMESTIC NEEDS. FOREIGN
SALES ARE STRONGLY PUSHED TO KEEP THE REACTOR FABRICA-
TION INDUSTRY AT OR ABOVE THE ECONOMIC ACTIVITY THRESH-
OLD, AND TO EARN FOREIGN CURRENCY. TECHNICALLY QUALI-
FIED AND ECONOMICALLY COMPETITIVE FUEL CYCLE SERVICES,
ADVERTISED AS BACKED BY RELIABLE GOVERNMENT COMMITMENTS,
ARE PRESENT TO SUPPORT REACTOR SALES. GISCARD HAS SUC-
CESSFULLY ESTABLISHED A POSITIVE APPROACH BY THE FRENCH
GOVERNMENT TO FULL COOPERATION WITH US NONPROLIFERATION
POLICIES WHICH CAN BE SUSTAINED IF OTHER SUPPLIER
NATIONS KEEP SIMILAR NONPROLIFERATION PRACTICES, AND
THERE IS NOT SIGNIFICANT INJURY TO CURRENT FRENCH
COMMITMENTS AND INVESTMENTS IN THEIR NUCLEAR INDUSTRY.

14. SCIENCE AND TECHNOLOGY -- NATIONAL ECONOMIC CON-
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STRAINTS AND SIGNIFICANT INCREASES IN THE COST OF
ACTIVELY PURSUING HIGH TECHNOLOGY AND FRONTIER
SCIENCE ARE SQUEEZING FRENCH SUPPORT FOR RESEARCH AND
DEVELOPMENT. MAINTAINING EXISTING EMPLOYMENT

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IS A KEY POLITICAL ELEMENT. FAILURE IN SUCH PROJECTS AS
THE CONCORDE AND THE BREEDER REACTOR WOULD BRING
SIGNIFICANT ADVERSE INTERNAL POLITICAL REPERCUSSIONS.
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THE STRUGGLE TO KEEP EXISTING SECTORS OF EMPLOYMENT
SUCCESSFULLY OPERATIVE HAS LED TO LONG-TERM RESEARCH AND
DEVELOPMENT ARRANGEMENTS BETWEEN WESTINGHOUSE AND
FRAMATOME IN NUCLEAR REACTORS AND BETWEEN HONEYWELL AND
CII-BULL IN COMPUTERS. THE USG BUDGET IS TIGHT ON
RESEARCH AND DEVELOPMENT WHICH AUGURS WELL FOR MUTUALLY
BENEFICIAL BILATERAL COOPERATION IN LONG-TERM RESEARCH
AND DEVELOPMENT. IT IS NOT CLEAR THAT EXISTING USG
RESTRICTIONS ON SUCH ARRANGEMENTS AS THOSE UNDERTAKEN
BY WESTINGHOUSE AND HONEYWELL ARE OF OPTIMUM BENEFIT TO
LONG-TERM US INTERESTS.

15. CONSULAR AND SECURITY -- INTERNATIONAL TRAVEL, BOTH
TO AND FROM THE UNITED STATES CONTINUES TO INCREASE.

THIS WILL HAVE AN IMPACT ON OUR BALANCE OF PAYMENTS AND OUR CONSULAR WORKLOAD, IN THE FORM OF INCREASED DEMAND FOR STATUTORY SERVICES. SECURITY WILL ALSO BE A CONTINUING PROBLEM, ESPECIALLY AS IT RELATES TO INTERNATIONAL TERRORISM. WE DO NOT EXPECT THE GOF TO CHANGE THEIR DOMESTIC LEGISLATION OR RATIFY MEANINGFUL INTERNATIONAL AGREEMENTS SO AS TO STRIP ACTS OF TERRORISM OF POLITICAL DEFENSE WHICH HAS HITHERTO BARRED THEIR PERPETRATORS FROM EXTRADITION.

SECTION C: OBJECTIVES, COURSES OF ACTION AND ISSUES

OBJECTIVE: VICTORY FOR GISCARD'S REFORM CONCEPT IN THE LEGISLATIVE ELECTIONS AND BEYOND.

COURSE OF ACTION: ENHANCE THE GISCARD-BARRE IMAGE AS EFFECTIVE STATESMEN.

16. ALTHOUGH THE PARLIAMENTARY ELECTIONS OF MARCH, 1978, WILL BE THE MOST IMPORTANT EVENT AFFECTING US INTERESTS IN FRANCE DURING THE NEXT 12 MONTHS, THERE IS VERY LITTLE THE UNITED STATES CAN DO TO INFLUENCE THE OUTCOME. INDEED, WE SHOULD BE VERY CAREFUL NOT TO EXPRESS ANY PREFERENCES OR ISSUE WARNINGS ABOUT THE DANGERS OF ANY
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PARTICULAR OUTCOME LEST US "INTERFERENCE" BECOME A MAJOR ISSUE IN THE CAMPAIGN. MARGINAL FACTORS, HOWEVER, WILL TAKE ON SPECIAL SIGNIFICANCE IN WHAT IS LIKELY TO BE A CLOSE RACE. THE USG SHOULD TAKE THIS INTO ACCOUNT IN POLICY FORMULATION INVOLVING FRANCE IN BOTH THE BILATERAL AND MULTILATERAL CONTEXTS.

17. WITH A YEAR OF CAMPAIGNING STILL TO UNFOLD, THE FORECAST FOR THE 1978 LEGISLATIVE ELECTIONS CONTINUES TO BE A VERY CLOSE RACE. AS OF THIS POINT, THE UNION OF THE LEFT STANDS AN EXCELLENT CHANCE OF WINNING A MAJORITY IN THE NATIONAL ASSEMBLY. THE CURRENT MAJORITY COALITION, HOWEVER, HAS BY NO MEANS GIVEN UP HOPE BECAUSE A SHIFT OF ONLY 2 TO 4 PERCENT CROSSOVER VOTES FROM OPPOSITION TO MAJORITY COULD MAKE THE VITAL DIFFERENCE. WITHIN THE NEXT 12 MONTHS, THE FOLLOWING FACTORS SHOULD BE CLOSELY OBSERVED FOR THEIR IMPACT ON THE FINAL OUTCOME:

--- CHIRAC'S SUCCESS OR FAILURE IN REJUVENATING AND REORGANIZING THE GAULLIST RPR PARTY, AS WELL AS HIS ABILITY TO APPEAL TO THE MODERATE AND LEFT ELECTORATE.

--- THE SUCCESS OR FAILURE OF THE BARRE PLAN FOR ECONOMIC STABILIZATION.

--- THE CONTINUED HEALTH AND AVAILABILITY OF

GISCARD, BARRE, CHIRAC, MITTERRAND AND MARCHAIS.

--- THE SUCCESS OR FAILURE OF THE MAJORITY PARTIES

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IN STAYING RELATIVELY COHESIVE DURING THE 1977 SPRING
AND FALL PARLIAMENTARY SESSIONS.

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WHICHEVER COALITION IS VICTORIOUS, AND BAR-RING ANY MAJOR UNFORESEEN UPHEAVALS, IT APPEARS PRE-DICTABLE THAT THE SOCIALISTS WILL GAIN HEAVILY AND WILL PROBABLY BECOME THE LARGEST SINGLE PARTY IN THE NATIONAL ASSEMBLY. AS A RESULT OF THE MARCH, 1977 MUNICIPAL ELECTIONS, THE UNION OF THE LEFT SHOULD BE CONSIDERED FAVORITES FOR 1978, AND THE CURRENT MAJORITY COALITION AS THE UNDERDOGS.

18. IN EXPRESSING OUR HYPOTHETICAL PREFERENCE AMONG THE POSSIBLE RESULTS OF THE 1978 ELECTIONS, THE EMBASSY SHARES THE OPINION OF RAYMOND ARON AND OTHER REFORMIST-MINDED ANALYSTS WHO FEEL THAT THE MOST FAVORABLE OUTCOME FOR FRENCH AND WESTERN INTERESTS WOULD BE A VICTORY OF THE CURRENT MAJORITY COALITION. THIS RESULT WOULD PRECLUDE THE HIGH RISK EXPERIENCE OF COMMUNIST PARTICIPATION IN GOVERNMENT WHICH WOULD ENHANCE THE PCF'S QUEST FOR LEGITIMACY; OPEN THE BUREAUCRACY TO LONGTERM SUBVERSION; AND EXPOSE FRANCE'S FOREIGN POLICY MACHINERY TO THE PCF'S SCRUTINY IN THE WEEKLY CABINET MEETINGS. AT THE SAME TIME, THE NEW MIX OF PARTY STRENGTHS IN THE NATIONAL ASSEMBLY COULD CONCEIVABLY GIVE GISCARD NEW OPTIONS FOR INSTITUTING A PROGRAM OF SOCIAL REFORM.

19. THERE ARE, OF COURSE, RESPECTABLE ANTI-COMMUNIST ANALYSTS LIKE JEAN DANIEL OF THE NOUVELLE OBSERVATEUR WHO FEEL THERE IS EVEN GREATER RISK FOR FRENCH STABILITY IN THE CONTINUED DENIAL OF POWER TO FIFTY PERCENT OF THE POPULATION WHO FEEL INCREASINGLY FRUSTRATED IN THEIR SEARCH FOR A MORE EQUITABLE SOCIETY. THIS OPINION HOLDS THAT GISCARD IS A TINKERER AND NOT A REFORMER; THAT THE SOCIALISTS WILL BE ABLE TO CONTROL THEIR JUNIOR COMMUNIST PARTNERS EFFECTIVELY IN GOVERNMENT; AND THAT THE EXPERIENCE OF POWER WILL QUICKLY BRING OUT THE DEEP CONTRADICTIONS IN THE UNION OF THE LEFT OVER SOCIAL AND FOREIGN POLICIES, LEADING THE PS TO A BREAK WITH THE
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PCF FOLLOWED BY A REALIGNMENT TOWARD THE CENTER. THERE IS A MINORITY OF OPINION AT THE EMBASSY WHICH IS SYMPATHETIC TOWARD THIS POINT OF VIEW.

20. AGAINST THE BACKDROP OF THE TWO PREVIOUS PARAGRAPHS, THE EMBASSY BELIEVES THE FOLLOWING POINTS ARE NOTEWORTHY:

--- THE EMBASSY VIEWS THE 1978 ELECTION AS A MID-POINT RATHER THAN A TERMINAL POINT IN THE TRANSITION BETWEEN THE DECLINE OF GAULLISM AND THE EVENTUAL REALIGNMENT OF FORCES REFLECTING A NEW POLITICAL CONSENSUS.

--- THE APPROXIMATELY EVEN ELECTORAL SPLIT BETWEEN LEFT AND RIGHT MASKS A REAL NATIONAL MAJORITY, WE BELIEVE, THAT DESIRES MODERATE REFORM WHILE SEEKING TO CONSERVE THE CONSUMER SOCIETY MOST FRENCH CITIZENS ENJOY. IN SHORT, ONLY SMALL MINORITIES WANT EITHER A COMPLETE RESTRUCTURING OF FRENCH SOCIETY OR A CONTINUATION OF THE PRESENT STALEMATED SOCIETY.

--- WHATEVER THE OUTCOME OF THE 1978 ELECTIONS, WE WOULD HOPE THAT THE UNDERLYING THRUST OF FRENCH DEMOCRACY WILL BE TO COALESCE POWER AROUND AN EVENTUAL BROAD CENTRIST ALLIANCE OF MODERATE ELEMENTS FROM BOTH LEFT AND RIGHT. BUT TO PARAPHRASE MR. CUNARD, GETTING THERE MAY NOT ALWAYS BE FUN.

21. OUR LONG RANGE HOPE FOR AN ULTIMATE JOINING OF CENTER FORCES SUGGESTS THAT WE SHOULD TAILOR OUR FOREIGN POLICY SO AS TO

--- STRENGTHEN THE HANDS OF GISCARD AND PRIME MINISTER BARRE AS THE BEST HOPE OF AN EVENTUAL BROAD CENTRIST ALLIANCE, AND AS CONSTITUTIONAL STRONG POINTS AROUND WHICH THE EXTREMES OF EITHER LEFT OR RIGHT MUST CIRCUMNAVIGATE.

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--- ENHANCE THE SERIOUSNESS OF THE DIALOGUE WITH THE SOCIALISTS AS THE MAJOR PARTY ON THE LEFT REPRESENTS THE BEST HOPE FOR DEMOCRATIC SOCIAL REFORM.

--- AVOID SELF-FULFILLING ANALYSES SUCH AS "A VICTORY OF THE LEFT IS BOUND TO RESULT IN DISASTER FOR FRANCE", OR "CHIRAC REPRESENTS ONLY THE AUTHORITARIAN RIGHT."

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22. TO STRENGTHEN GISCARD AND BARRE, THE US SHOULD MAKE
THEM LOOK LIKE SUCCESSFUL STATESMEN AS MUCH AS POSSIBLE.

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THIS, IN EFFECT, HAS BEEN THE THRUST OF OUR ACTION FOR
THE PAST 18 MONTHS. OUR ACCEPTANCE OF GISCARD'S PRO-
POSALS FOR A NORTH-SOUTH DIALOGUE, AN ECONOMIC SUMMIT,
AND A BICENTENNIAL STATE VISIT HAD THIS FAVORABLE IMPACT.
WE HAVE ALSO CONTRIBUTED TO GISCARD'S STATESMAN'S IMAGE
BY AVOIDING PUBLIC POLEMICS OVER SUCH PROBLEMS AS THE
NORTH-SOUTH DIALOGUE, MBFR AND NATO CONSULTATIONS. DUR-

ING THE NEXT YEAR, THERE WILL BE BOTH OPPORTUNITIES AND DANGERS IN SUCH ISSUES AS CONCORDE, A COMPREHENSIVE TEST BAN AGREEMENT, NUCLEAR PROLIFERATION, CONVENTIONAL ARMS TRANSFERS, THE BELGRADE CSCE REVIEW CONFERENCE, THE MTN, AND MONETARY QUESTIONS. WHETHER WE AGREE OR DISAGREE WITH FRANCE ON EACH OF THESE SUBJECTS, OUR CAPACITY TO ENHANCE OR DEGRADE THE GISCARD/BARRE IMAGE FOR INTERNAL ELECTORAL PURPOSES WILL BE A CONSTANT ELEMENT. TO ASSURE A POSITIVE IMPACT, THE USG SHOULD:

--- CONSULT BEFORE MAKING POLICY DECLARATIONS ON SENSITIVE QUESTIONS FOR WHICH WE NEED FRANCE'S COOPERATION.

--- MAKE FRANCE LOOK LIKE AN EQUAL PARTNER EVEN THOUGH OUR POWER SITUATION MAKES US THE NATURAL LEADER.

--- AVOID PUBLIC POLEMICS WHERE WE DISAGREE, AND EXPRESS UNDERSTANDING OF FRANCE'S POINT OF VIEW.

--- NOT FORCE GISCARD INTO MAKING PUBLIC DECISIONS ON CONTROVERSIAL SUBJECTS SUCH AS CLOSER ASSOCIATION WITH NATO, RETALIATION FOR A CONCORDE WAVE-OFF IN NEW YORK, OR IEA MEMBERSHIP.

ON THE DIALOGUE WITH THE SOCIALISTS, OUR RECOMMENDATIONS FOLLOW IN THE NEXT PARAGRAPH.

OBJECTIVE: PREPARING FOR THE POSSIBILITY OF A LEFT SECRET

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VICTORY.

COURSE OF ACTION: ENHANCE THE SERIOUSNESS OF LOGUE.

23. IF THE LEFT'S CHANCES OF VICTORY IN 1978 ARE EXCELLENT, WHAT SHOULD WE BE DOING TO PREPARE FOR THIS CONTINGENCY? THERE ARE SEVERAL OPTIONS:

--- DIMINISH OUR CONTACTS WITH THE LEFT IN ORDER TO DEMONSTRATE OUR ELECTORAL PREFERENCES AND TRY TO CATCH UP AFTER THE ELECTION.

--- INTENSIFY OUR CONTACTS WITH THE SOCIALISTS, BUT CONTINUE TO DOWNPLAY COMMUNICATIONS WITH THE PCF IN ORDER TO DENY THE COMMUNISTS ANY CACHET OF LEGITIMACY.

--- INTENSIFY CONTACTS WITH BOTH SOCIALISTS AND COMMUNISTS, THOUGH ON DIFFERENT LEVELS, IN ORDER TO BEGIN AN OFFICIAL POLICY DIALOGUE THAT WILL BE SUFFICIENTLY

SUBSTANTIVE TO GIVE US AN IMPORTANT HEADSTART IN THE
EVENT THE LEFT COMES TO POWER.

THE EMBASSY'S PREFERENCE IS FOR A COMBINATION OF THE
SECOND AND THIRD OPTIONS FOR THE FOLLOWING REASONS. THE
LEFT HAS BEEN OUT OF POWER FOR TWO DECADES. NOT
ONLY ARE THEY IN THE PROCESS OF FORMULATING FUTURE PO-
LICY, BUT THEY ARE IN THE PROCESS OF LEARNING. WE MAY
BE ABLE TO EXERT SOME INFLUENCE IN THIS PROCESS BY CON-
VEYING OUR VIEWS ON SUCH IDEAS AS RENEGOTIATION OF THE
NORTH ATLANTIC TREATY, A FRANCO-SOVIET FRIENDSHIP TREATY,
NATIONALIZATIONS, AND INTERNATIONAL TRADE AND MONETARY
POLICY. IN ADDITION, INCREASED CONTACT BETWEEN THE TOP
TECHNICIANS AND POLICY MAKERS OF THE LEFT AND APPROPRIATE
US REPRESENTATIVES MIGHT HAVE SOME EDUCATIVE VALUE.
UNTIL NOW, WE HAVE HAD SUFFICIENT CONTACTS TO FOLLOW
POLICY TRENDS WITHIN THE DIFFERENT POWER GROUPINGS ON
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THE LEFT. THE TIME HAS COME, WE BELIEVE, TO OPEN A GEN-
UINE TWO-WAY DIALOGUE THAT WILL HELP THE LEFT LEADERSHIP,
ABOVE ALL THE SOCIALISTS, COME TO GRIPS WITH THE REALIT-
IES OF POWER AS THEY BEGIN TO FOCUS ON SPECIFIC PROBLEMS.
IN THE CONTEXT OF AN INTENSIFIED DIALOGUE WITH ALL ELE-
MENTS OF THE LEFT, HOWEVER, THE EMBASSY RECOMMENDS A CON-

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TINUED DIFFERENTIATION BETWEEN THE SOCIALISTS, FOR WHOM
CHIEF OF MISSION ATTENTION IS WARRANTED, AND THE COMMUN-
ISTS WHO SHOULD BE CONTACTED PRIMARILY BY WORKING LEVEL
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OFFICIALS.

OBJECTIVE: EUROPE -- IMPROVE CONSULTATIONS AND
DEFEAT THE MYTH THAT WE ARE "AGAINST EUROPE."
COURSE OF ACTION: GIVE EUROPE OPPORTUNITIES TO
ASSERT ITSELF WITHOUT US KIBBITZING.

24. FRANCE, DESPITE RECENT IMPROVEMENTS IN TONE, RE-
MAINS HIGHLY SUSPICIOUS THAT US MOVES TO "IMPROVE CON-
SULTATIONS" ARE REALLY SCOUTING FORAYS TO MAKE SURE
THAT WE "CONTROL" THE EUROPEANS (I.E. THE UK TROJAN
HORSE); AND IS CONVINCED THAT US PRO-EUROPE STATEMENTS
NOTWITHSTANDING, WE WOULD OPPOSE ANY REAL MOVE TOWARD
EUROPEAN INTEGRATION, WHICH THE FRENCH ASSUME WOULD BE
VIEWED AS A MAJOR THREAT BY US ECONOMIC INTERESTS, AND
STRATEGIC PLANNERS. TO DISSIPATE THIS MYTHOLOGY, THE
EMBASSY RECOMMENDS:

--- THAT WE GIVE FURTHER THOUGHT TO A PROGGAM OF
PRIVATE AND PUBLIC DECLARATIONS AT HIGH LEVELS, SUPPORT-
ED BY CONCRETE ACTIONS WHEN POSSIBLE, TO PERSUADE EURO-
PEANS THAT MORE RAPID PROGRESS TOWARD INTEGRATION, AND
THE EMERGENCE OF A STRONGER' MORE SELF-RELIANT EUROPEAN

PARTNER IS CONSISTENT WITH US INTERESTS.

--- THAT WE BE SELECTIVELY LESS AGGRESSIVE IN SEEK-
ING TO INFLUENCE EC-9 POLITICAL DECISIONS IN GESTATION,
THEREBY EXPRESSING CONFIDENCE IN OUR PARTNERS' ABILITY
TO UPHOLD WESTERN INTERESTS ON THEIR OWN.

OBJECTIVE: MAINTAIN RELATIVE HARMONY BETWEEN
FRENCH AND US APPROACHES TO EAST-WEST
RELATIONS.

COURSE OF ACTION: CAREFULLY COORDINATE POLICIES ON
BELGRADE, AND BEGIN WORKING WITH SOCIALISTS
NOW.

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25. UNDER GISCARD, FRANCE'S EAST-WEST POLITICAL POLICIES
HAVE COME CLOSER TO THOSE OF THE US AND OTHER ALLIES
THAN WAS THE CASE UNDER THE "SPECIAL RELATIONSHIP" DE
GAULLE HOPED TO ESTABLISH WITH MOSCOW A DECADE AGO. THIS
DESIRABLE PARALLELISM COULD BE THREATENED DURING THE
SHORT-TERM FOR TWO REASONS:

--- ALTHOUGH THERE IS SUPPORT AND ADMIRATION FOR
THE USG PHILOSOPHY ON HUMAN RIGHTS, THE GOF IS CONCERNED
THAT TOO ENERGETIC US EMPHASIS ON HUMAN RIGHTS AND RE-
LATED ISSUES COULD UNDERMINE DETENTE.

--- A POSSIBLE LEFT GOVERNMENT IN POWER AFTER MARCH
1978 COULD CONCEIVABLY, FOR DOMESTIC POLITICAL REASONS,
RETURN TO A GAULLIST POLICY OF GREATER INDEPENDENCE
FROM THE ALLIANCE IN EAST-WEST RELATIONSHIPS.

TO HEAD OFF ANY DETERIORATION OF THE PRESENT SATISFACTORY
FRENCH POLICY, THE USG SHOULD:

--- INDICATE THAT WE INTEND TO HAVE A FIRM BUT MOD-
ULATED US APPROACH TO BELGRADE THAT WILL BE COORDINATED
WITH AND NOT BE TOO FAR OUT OF LINE WITH THAT OF THE
ALLIES.

--- MAKE EAST-WEST RELATIONS A MAJOR ELEMENT IN OUR
TWO-WAY DIALOGUE WITH THE SOCIALIST PARTY WHICH SHOULD
BE AUGMENTED IMMEDIATELY.

OBJECTIVE: ENHANCE US INTERESTS IN THE SECURITY OF
WESTERN EUROPE AND IN VARIOUS ARMS CONTROL PRO-
POSALS.

COURSE OF ACTION: TAKE INITIATIVES TO IMPROVE
DEFENSE AND POLITICO-MILITARY RELATIONS WITH

FRANCE.

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26. IN THE DEFENSE AND POLITICAL-MILITARY
FIELD WE CAN ENDEAVOR TO STRENGTHEN GISCARD'S IMAGE AND
BOLSTER US INTERESTS BY THE FOLLOWING:

--- MAINTAIN THE MOMENTUM OF INCREASED, BUT LOW
PROFILE, COOPERATION WHICH HAS BEEN ESTABLISHED IN RE-
CENT YEARS, BY FURTHERING PERSONAL CONTACTS BETWEEN SEN-
IOR US AND FRENCH DEFENSE OFFICIALS, CONTINUING ONGOING
CONTINGENCY PLANNING IN AREAS OF MUTUAL INTEREST, FOST-

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AMEMBASSY OTTAWA
AMEMBASSY REYKJAVIK
AMEMBASSY ROME
AMEMBASSY THE HAGUE

USMISSION NATO
AMEMBASSY MOSCOW
USMISSION EC BRUSSELS
AMEMBASSY TOKYO
AMEMBASSY MADRID
USMISSION USUN

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ERING BILATERAL AND MULTILATERAL MILITARY EXERCISES, AND
ENCOURAGING IMPROVED DATA EXCHANGE PROGRAMS.

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--- ATTEMPT TO FACILITATE FRENCH PARTICIPATION IN
THE NATO-WIDE AWACS PROGRAM. THIS WILL SERVE FRENCH,
US, AND ALLIANCE INTERESTS BY GENUINELY ENHANCING NATO'S
EARLY WARNING AND AIR DEFENSE CAPABILITY. THE FRENCH
HAVE ALREADY DEMONSTRATED THEIR WILL TO JOIN THOSE INTE-
GRATED MILITARY PROGRAMS WHICH IMPROVE THEIR MILITARY
CAPABILITIES BY THEIR LONG-STANDING MEMBERSHIP IN NADGE
(NATO AIR DEFENSE GROUND ENVIRONMENT SYSTEM) AND THEIR
RECENT DECISION TO JOIN NICS (NATO INTEGRATED COMMUNICA-
TIONS SYSTEM). PERFORCE, A FRENCH DECISION TO JOIN
AWACS WILL BE CONTINGENT ON A DECISION BY THE ALLIES TO
EQUIP THE NATO AWACS FLEET WITH THE GE/SNECMA CFM-56
ENGINE. GISCARD COULD THUS POINT TO THE FINANCIAL AND
EMPLOYMENT BENEFITS FLOWING FROM SUCH A PURCHASE.

--- CONSULT ON ARMS CONTROL POSITIONS AND INITIA-
TIVES SO AS TO INCREASE THE PROBABILITY OF GOF
SUPPORT FOR US ACTIONS AND TO ENHANCE GISCARD'S PERCEIVED
POSITION AS A STATESMAN. THE US OFFER TO CONSULT
BILATERALLY ON POSSIBLE ARMS CONTROL INITIATIVES IN THE
CW FIELD PRIOR TO THE COMPLETION OF US INTERNAL STUDIES
SO THAT GOF VIEWS CAN BE TAKEN INTO ACCOUNT PRIOR TO US
DECISIONS WAS WARMLY RECEIVED HERE. SUCH CONSULTATIONS
WILL NOT, OF COURSE, GUARANTEE GOF SUPPORT FOR US POSI-
TIONS, BUT BILATERALS OF THIS TYPE CAN REDUCE THE CHANCE
OF MISUNDERSTANDINGS, PUBLIC DIFFERENCES, OR DETERMINED
FRENCH OPPOSITION. WE RECOMMEND THAT SIMILAR CONSULTA-
TIONS BE HELD PRIOR TO ANY NEW US INITIATIVES IN MBFR,
RE A COMPREHENSIVE TEST BAN (CTB), OR ON CONVENTIONAL
ARMS CONTROL. THE FRENCH, WHO MAINTAIN THE LARGEST
FLEET IN THE INDIAN OCEAN, WILL BE KEENLY INTERESTED IN
US PROPOSALS CONCERNING NAVAL LIMITATIONS THERE.

OBJECTIVE: ENHANCED FRENCH ASSISTANCE ON

SELECTED SENSITIVE PROBLEMS IN MULTILATERAL
NEGOTIATIONS.

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COURSE OF ACTION: TAKE ADVANTAGE OF UNIQUE FRENCH
ASSETS

27. IN THE LAST YEAR FRANCE HAS DEMONSTRATED ITS ABILITY TO ASSIST THE US IN INTERNATIONAL ORGANIZATIONS SUCH AS THE SPECIALIZED AGENCIES OF THE UNITED NATIONS. MOST RECENTLY, THE FRENCH HAVE CHAMPIONED THE US OBJECTIVES FOR THE ILO, EVEN STANDING UP TO THE BRITISH WHO HAD BEEN TOTALLY UNRESPONSIVE TO OUR CLEARLY EXPRESSED POSITION. FRANCE HAS BEEN SUPPORTIVE OF OUR PARTICULAR OBJECTIVES WHERE WE HAVE BEEN ABLE TO CONVINCE THE FRENCH NOT ONLY OF OUR SERIOUSNESS OF PURPOSE BUT ALSO OF THE LOGIC AND PRAGMATIC IMPORTANCE OF OUR VIEWS IN THE UN, UNCTAB, AND UNESCO. ON THESE SELECTED ISSUES FRANCE HAS BEEN HELPFUL TO US ESPECIALLY AMONG THE FRANCOPHONE AFRICAN STATES WHERE ITS INFLUENCE REMAINS, AS WELL AS IN OTHER AREAS. THIS IS TRUE DESPITE -- OR PERHAPS BECAUSE OF -- FRANCE'S INSISTENCE ON MAINTAINING ITS "THIRD WORLD IMAGE" BY STAKING OUT POSITIONS INDEPENDENT OF OUR OWN. OUR ABILITY TO INFLUENCE THE FRENCH IS OFTEN INHIBITED, HOWEVER, BY OUR FAILURE TO CONSULT WITH THEM WELL IN ADVANCE OF AN INDIVIDUAL INTERNATIONAL CONFERENCE ON THE ISSUES WHICH ARE OF GREATEST IMPORTANCE TO US. THE EMBASSY BELIEVES THAT WE SHOULD BE CONSULTING PRIVATELY AND WELL IN ADVANCE WITH THE FRENCH GOVERNMENT, THROUGH NORMAL DIPLOMATIC CHANNELS ON THE REAL GUT ISSUES WHERE THE FRENCH COULD ASSIST US IN INTERNATIONAL ORGANIZATIONS AND CONFERENCES. IF WE TELL THEM FRANKLY AND HONESTLY WHAT OUR NEEDS ARE, RECENT EXPERIENCE INDICATES THAT THE FRENCH WILL BE INCLINED TO ASSIST US TO THE EXTENT THAT THEIR OWN POLICY OBJECTIVES PERMIT -- BEARING IN MIND THAT IT IS TO OUR ADVANTAGE AS WELL AS TO THEIRS THAT THE RENCH MAINTIN CREDIBILITY REGARDING THEIR INDEPENDENT POLICY.

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OBJECTIVE: ACHIEVE MAXIMUM GOF COOPERATION IN
NUCLEAR NONPROLIFERATION.

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COURSE OF ACTION: SEPARATE USG POLICY ON FUTURE
DOMESTIC NUCLEAR PROGRAMS FROM USG POLICY
VIEWS ON GLOBAL NUCLEAR NONPROLIFERATION
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EFFORTS.

28. FRANCE APPEARS WILLING TO TAKE ALL REASONABLE STEPS IN CONCERT WITH OTHER SUPPLIER NATIONS TO MINIMIZE THE SPREAD OF NUCLEAR BOMB CAPABILITIES. HOWEVER, IT WILL NOT GO TO THE POINT THAT WOULD UPSET ITS COMMITMENT TO THE FUTURE USE OF THE BREEDER REACTOR FOR DOMESTIC POWER OR ITS DESIRE TO SIGNIFICANTLY INCREASE ITS ENERGY INDEPENDENCE. WHILE THE US MAY CHOOSE TO NOT DEVELOP A SIGNIFICANT PLUTONIUM ECONOMY FOR ITS OWN ENVIRONMENTAL/HEALTH/SAFETY REASONS, FRANCE WOULD NOT AGREE TO FOLLOW SUIT ALTHOUGH SHE UNDERSTANDS SHE WILL BE SEVERELY DISADVANTAGED BY SUCH A US POLICY.

OBJECTIVE: FRENCH COOPERATION IN ASSURING TECHNICAL BASIS FOR NONPROLIFERATION REQUIREMENTS.

COURSE OF ACTION: TIE FRENCH ENRICHMENT AND REPROCESSING POLICIES AND CAPACITIES TO THOSE OF THE US THROUGH SOME FORM OF SUBSTANTIAL BILATERAL COMMITMENTS SUCH AS CROSS-INVESTMENT OR TREATIES.

29. THE FUTURE STABILITY OF THE SUPPLY OF ENRICHED URANIUM TO MEET LEGITIMATE LIGHT WATER POWER REACTOR NEEDS IS CRITICAL TO NONPROLIFERATION OBJECTIVES. CLOSE US-FRENCH COOPERATION IN THIS FIELD IS NECESSARY TO MAINTAIN THAT STABILITY, AND WOULD BE EXTREMELY HELPFUL TO MAINTAIN THE STRENGTH OF THE FRENCH DOMESTIC NUCLEAR INDUSTRY, AND THROUGH IT THAT OF WESTERN EUROPEAN COUNTRIES. THE NECESSARY INGREDIENT IS SUBSTANTIAL COMMITMENT BY THE US AND FRANCE TO INTERDEPENDENCE IN ENRICHMENT CAPACITY AND ACTIVITY. THIS CAN BE ACCOMPLISHED BY SUBSTANTIAL CROSS-INVESTMENTS IN EACH OTHER'S ENRICHMENT FACILITIES, BY TREATY OR BY OTHER SIMILAR MEANS. THE STRENGTH OF FRENCH AND WESTERN EURO-
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PEAN NUCLEAR INDUSTRIES ALSO RESTS ON THE STABILITY OF PROCESSING SERVICES, WHICH WILL MEET BREEDER REACTOR NEEDS, AS WELL AS ON WASTE DISPOSAL SERVICES. SHOULD THE US PROCEED IN DEVELOPING COMMERCIAL REPROCESSING FACILITIES, SUBSTANTIAL BILATERAL COMMITMENTS IN EACH OTHER'S REPROCESSING FACILITIES SHOULD BE ESTABLISHED AS WELL.

OBJECTIVE: STRENGTHENING AND IMPROVING COORDINATION OF THE INTERNATIONAL MONETARY AND TRADE SYSTEM.

COURSE OF ACTION: CLOSE CONSULTATION WITH GOF AND
CONTINUOUS ANALYSIS.

30. A SMOOTHLY FUNCTIONING INTERNATIONAL MONETARY AND
TRADING SYSTEM IS VITAL FOR THE ECONOMIC WELL-BEING AND
INTERNAL STABILITY OF ALL COUNTRIES, FRANCE INCLUDED.
PARTLY BECAUSE OF ITS OWN WEIGHT IN THE WORLD ECONOMY,
BUT EVEN MORE BECAUSE OF ITS KEY ROLE IN THE EUROPEAN
COMMUNITY AND ITS VITAL POSITION IN EUROPE, AS WELL AS
ITS ACTIVE POLICIES IN THIS RESPECT, CLOSE CONSULTATION
WITH GOF OFFICIALS AND CONTINUOUS ANALYSIS AND REPORTING
OF FRENCH MONETARY AND TRADE POLICIES AND DEVELOPMENTS
BY THE EMBASSY ARE VITAL LINKS IN THE IMPLEMENTATION OF
ALL OF THE VARIOUS INTERNATIONAL AGREEMENTS AND
ARRANGEMENTS WHICH COMPRISE THE FRAMEWORK OF THE WORLD
ECONOMY. TO ASSURE TIMELY AND APPROPRIATE RESPONSES
TO DEVELOPMENTS AND INITIATIVES IN THIS RESPECT IN
FRANCE IS A HIGH PRIORITY OBJECTIVE OF THE EMBASSY.

OBJECTIVE: TRADE -- INCREASE US SHARE OF IMPORTS;
MAINTAIN AN OPEN CLIMATE FOR US INVESTMENT
AND PROMOTE TOURISM TO THE US.
COURSE OF ACTION: ADHERE TO THE GUIDELINES OF
COUNTRY COMMERCIAL PROGRAM FOR FRANCE.

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31. THE CONSIDERATIONS INVOLVED IN THIS OBJECTIVE AND
COURSE OF ACTION ARE THOROUGHLY DISCUSSED IN THE COUNTRY
COMMERCIAL PROGRAM FOR FRANCE FOR FY-1977 AND NEED NOT
BE FURTHER ELABORATED HERE.

OBJECTIVE: FRENCH COOPERATION SUPPORTING A
SUCCESSFUL CONCLUSION OF THE MTN.

32. WE ANTICIPATE AN ACCELERATION OF THE MTN FOLLOWING

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INFO AMEMBASSY ANKARA
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AMEMBASSY LONDON
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AMEMBASSY OSLO
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AMEMBASSY REYKJAVIK
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION NATO
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USMISSION USUN

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UPON THE MAY ECONOMIC SUMMIT. THE MTN MAY THEREFORE
ENTER A PHASE REQUIRING A CHANGE IN THE EC NEGOTIATING
MANDATE. THE GOF IS STRONGLY WEDDED TO THE PRESENT
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MANDATE ADOPTED BY THE EC IN 1974. IT WILL BE
IMPOSSIBLE TO MOVE VERY FAR AT GENEVA WITHOUT FRENCH
CONCURRENCE, AND A GOF DECISION ON VITAL MTN CONCERNS
WILL HAVE TO BE TAKEN BY THE PRIME MINISTER AND THE
PRESIDENT.

33. WE SHOULD PREPARE THE WAY FOR HIGH-LEVEL CONSUL-
TATIONS WHICH MAY HAVE TO TAKE PLACE AT VARIOUS TIMES
IN GENEVA, WASHINGTON, AND PARIS TO OBTAIN MOVEMENT
FROM THE FRENCH. WE ARE THE DEMANDEUR IN THE MTN AND
FRANCE IS FULLY OCCUPIED WITH DOMESTIC POLITICS AS WELL

AS ECONOMIC STABILIZATION AND BALANCE OF PAYMENTS WORRIES. TIMING OF CONSULTATIONS WILL REQUIRE CAREFUL JUDGMENT IN CLOSE COOPERATION WITH OUR MISSION IN BRUSSELS, OUR NEGOTIATING DELEGATION IN GENEVA, AND WITH STR. THE PROCESS WILL BE LONG AND DIFFICULT AND MAY WELL EXTEND INTO 1978 OR EVEN 1979.

OBJECTIVE: TO IMPROVE US-FRENCH AGRICULTURAL RELATIONS.

COURSE OF ACTION: PROGRAM MORE VISITS AND SEMINARS.

34. SINCE FRANCE AND THE US ARE MAJOR COMPETITORS IN AGRICULTURAL EXPORT MARKETS AND IN THE FORMATION OF INTERNATIONAL AGRICULTURAL POLICIES, SOME CONFLICTS ARE TO BE EXPECTED. HOWEVER, RELATIONS IN THIS FIELD HAVE BEEN ESPECIALLY TENSE IN THE PAST FEW YEARS DUE TO BOTH INTERNAL AND EXTERNAL PRESSURES ON FRENCH AND EC AGRICULTURAL POLICIES. VICE PRESIDENT MONDALE HAS TAKEN THE LEAD IN REQUESTING AN END TO THE "TRENCH WARFARE" OVER AGRICULTURAL ISSUES. GREATER UNDERSTANDING OF OUR RESPECTIVE AGRICULTURAL SYSTEMS AND POLICIES IS ESSENTIAL TO THE ATTAINMENT OF THIS OBJECTIVE. HENCE WE SHOULD ENDEAVOR TO PROGRAM MORE VISITS TO THE US FOR FRENCH AGRICULTURAL POLICY MAKERS. AND WE SHOULD HOLD MORE SEMINARS LIKE THE RECENT ONE WITH THE PRESIDENT OF THE CHICAGO BOARD OF

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TRADE TO EXPLAIN US AGRICULTURAL POLICIES.

OBJECTIVE: TO ENCOURAGE FRANCE TO NEGOTIATE ON AGRICULTURE IN THE MTN.

COURSE OF ACTION: ENCOURAGE HIGH-LEVEL ATTENTION TO INSURE WORKING LEVEL MOMENTUM.

35. THE SUCCESS OF THE BARRE PLAN AND OF THE EFFORTS OF MANY OTHER INDUSTRIALIZED NATIONS TO COMBAT INFLATION AND RESIST PROTECTIONISM DEPENDS IMPORTANTLY ON PROGRESS IN THE MTN. BUT FRANCE FEARS THAT ONE OF OUR OBJECTIVES IS TO DESTROY THE CAP AND CAPTURE THEIR PROTECTED EC AGRICULTURAL MARKET. OUR OBJECTIVES, ON THE CONTRARY, ARE TO STABILIZE WORLD AGRICULTURAL TRADE AND TO ESTABLISH TRADE RULES AND GUIDELINES FOR THE SETTLEMENT OF DISPUTES COMPARABLE TO THOSE EXISTING FOR INDUSTRIAL PRODUCTS. WE HAVE RECENTLY INDICATED TO EC BRUSSELS OUR WILLINGNESS, IN PRINCIPLE, TO NEGOTIATE COMMODITY ARRANGEMENTS IN THE MTN FOR THE MAJOR AGRICULTURAL PRODUCTS. CLOSE COORDINATION WITH FRENCH AGRICULTURAL TRADE POLICY OFFICIALS IS ESSENTIAL TO ASSURE PROGRESS IN THE MTN AND AVOID ANOTHER IMPASSE OVER AGRICULTURE. BUT MORE IMPORTANTLY, WE SHOULD ENCOURAGE ATTENTION TO THIS ISSUE

AT THE HIGHEST LEVEL IN BOTH COUNTRIES AND INSURE THAT
THE WORKING LEVEL CONTINUES THE MOMENTUM THAT DEVELOPS.

OBJECTIVE: TO EXPAND US-FRENCH AGRICULTURAL TRADE.
COURSE OF ACTION: US PARTICIPATION IN INTERNATIONAL
AL FOOD SHOW AND OTHER INTERNATIONAL AGRICULT-
URAL SHOWS IN FRANCE.

36. AGRICULTURAL PRODUCTS ACCOUNT FOR ABOUT 1/5 OF TOTAL
EXPORTS IN BOTH FRANCE AND THE US AND OUR BILATERAL
AGRICULTURAL TRADE SHOULD REACH ONE BILLION DOLLARS IN
FY 1977. PART OF THIS IS DIRECTLY RELATED TO THE 1976
DROUGHT IN FRANCE, BUT TRADE HAD BEEN INCREASING AT
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ABOUT 20 PERCENT PER YEAR. HOWEVER, INCREASINGLY COM-
PLEX HEALTH, SANITARY, AND LABELING REQUIREMENTS IN
BOTH COUNTRIES POSE A THREAT TO THIS TRADE EXPANSION,
AND CLOSER COORDINATION AND CONSULTATION ARE REQUIRED.
FOR EXAMPLE, THE US HAS NOT PARTICIPATED IN FRANCE'S
PRESTIGIOUS SIAL (INTERNATIONAL FOOD SHOW) SINCE 1966.
FRENCH TRADE OFFICIALS HAVE STRONGLY SOUGHT

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(C O R R E C T E D C O P Y TEXT PARA 40)

OUR PARTICIPATION, WHICH THEY FEEL WOULD HELP INCREASE
INTERNATIONAL PARTICIPATION AND EXPAND THEIR OWN TRADE.
THUS WE SHOULD PARTICIPATE IN THE NEXT SIAL
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(1978) AND OTHER INTERNATIONAL AGRICULTURAL SHOWS IN
FRANCE TO PROMOTE OUR MUTUAL TRADE INTERESTS.

OBJECTIVE: REINFORCED COOPERATION ON FOREIGN ASSIS-
TANCE.
COURSE OF ACTION: NEGOTIATE A CLEAR UNDERSTANDING
WITH THE GOF ON OUR RESPECTIVE ROLES IN THE
SAHEL.

37. DURING RECENT YEARS COOPERATION WITH FRANCE ON FOR-
EIGN AID IN AFRICA HAS BECOME INCREASINGLY CLOSE.
MUCH OF US FORWARD PLANNING FOR THE SAHEL DEVELOPMENT
PROGRAM ASSUMES A CONTINUED SIGNIFICANT INPUT OF FRENCH
HUMAN AND MATERIAL RESOURCES, GIVEN FRANCE'S SPECIAL
INTEREST IN THAT PART OF THE WORLD. BUDGETARY CONSIDER-
ATIONS (AND POSSIBLE OTHER FACTORS AFFECTING FRANCE'S
AFRICAN POLICY) ARE FORCING A REASSESSMENT OF PRIORITIES
ON THE FRENCH SIDE. THE RISK IS INCREASING THAT WE MAY
DRIFT INTO A SITUATION IN WHICH THE US PRESENCE IN AN
AREA OF SPECIAL INTEREST TO FRANCE BECOMES RELATIVELY
TOO IMPORTANT UNLESS FRANCE CONTINUES OR INCREASES HER
OWN INPUT INTO THE AREA.

38. IN THE COMING MONTHS WE SHALL HAVE TO MULTIPLY OUR
CONTACTS AT THE POLICY LEVEL WITH THE GOF SO THAT THERE

IS NO MISUNDERSTANDING ABOUT PRIORITIES. WE BELIEVE
WE SHALL HAVE TO NEGOTIATE WITH THE GOF A CLEAR UNDER-
STANDING ABOUT THE NATURE AND MAGNITUDE OF FUTURE INPUTS.
WITHOUT THIS WE WILL HAVE SERIOUS DIFFICULTY IN PURSUING
SUCCESSFULLY OUR OWN OBJECTIVES IN AFRICA.

OBJECTIVE: MINIMIZE ANY FALLOUT FROM CONCORDE.

COURSE OF ACTION: ENLIGHTEN FRENCH GOVERNMENT
AND OPINION.

39. WE DO NOT KNOW YET WHAT THE NEW YORK PORT AUTHORITY
WILL DECIDE ON CONCORDE. IT NOW LOOKS AS IF THE DECI-
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SION MAY NOT BE TAKEN BEFORE MAY AT THE EARLIESQM IF
THE DECISION IS NEGATIVE WE HAVE BEEN AMPLY FOREWARNED
THAT WE SHALL FACE A SERIOUS CRISIS IN OUR RELATIONS
WITH FRANCE. GIVEN THE LEVEL OF EMOTION THAT CONCORDE
GENERATES IN FRANCE, IT HAS BEEN AND WILL REMAIN DIF-
FICULT FOR US TO MINIMIZE THIS UNFAVORABLE REACTION.
WE MUST CONTINUE BY ALL MEANS AT OUR DISPOSAL TO SEEK
TO CLARIFY MISUNDERSTANDINGS AND DISTORTION OF WHAT
HAPPENS ON THE US SCENE AND IMPRESS ON THE GOF THAT
HOWEVER IMPORTANT ONE ISOLATED ISSUE SUCH AS CONCORDE
MAY BE IT CANNOT BE PERMITTED TO IMPINGE ON OTHER,
BROADER ISSUES IN WHICH FRANCE AND THE UNITED STATES
HAVE MUTUAL INTEREST. IF THE PORT AUTHORITY DECISION
FOR NEW YORK IS AFFIRMATIVE AND THIS IS NOT OVERRULED,
WE SHALL IN ANY CASE BE CONFRONTED IN NOVEMBER 1977
WITH THE END OF THE 16-MONTH TRIAL PERIOD FOR CONCORDE
AT DULLES WHEN THE USG MUST MAKE ITS DETERMIN-
ATION ON DEFINITIVE AUTHORIZATION OF CONCORDE SERVICE TO
THAT AIRPORT. CONCORDE THUS PROMISES TO REMAIN A LIVE
ISSUE THROUGHOUT 1977.

OBJECTIVE: ENCOURAGE FRANCO-AMERICAN COOPERATION
ON SUBSONIC AIRCRAFT.

COURSE OF ACTION: MAINTAIN CLOSE CONTACT WITH GOF
AND CONSTRUCTORS.

40. THERE IS CONSIDERABLE INTEREST ON THE FRENCH SIDE
IN COOPERATION WITH US INDUSTRY ON SUBSONIC AIRCRAFT
PRODUCTION. IF CURRENT TALKS WITH MCDONNELL DOUGLAS FALL
THROUGH, HOWEVER, NO ALTERNATIVE PROGRAM OF ANY SIGNIFI-
CANCE MAY BE IMMEDIATELY FEASIBLE, AND THE FRENCH MAY BE
FORCED INTO MORE INWARD-LOOKING POLICIES WITH EUROPEAN
PARTNERS FOR CIVIL AIRCRAFT PRODUCTION AND MARKETING.
THE CLIMATE WOULD PROBABLY IMPROVE IN THAT SITUATION IF
SOME US CARRIER WERE TO BUY AIRBUS, BUT THAT IS SOMETHING
WHICH WE AS A GOVERNMENT CANNOT INFLUENCE. AS GENERAL
POLICY, WE MUST CONTINUE TO DISCOURAGE EREC-

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TION OF BARRIERS TO PURCHASE OF US AIRCRAFT BY FRENCH
CARRIERS AND TO FOSTER, BY THE LIMITED MEANS AVAILABLE
TO US, FURTHER EXPLORATION OF POSSIBILITIES OF COOPERA-

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TION BETWEEN THE FRENCH AIRCRAFT INDUSTRY AND OUR OWN.

OBJECTIVE: STRENGTHEN US-FRENCH COOPERATION IN
SCIENCE AND TECHNOLOGY.

COURSE OF ACTION: UNDERTAKE HIGH-LEVEL JOINT
STUDY OF US AND FRENCH SCIENCE AND TECHNOLOGY
POLICIES.

41. THE NATURE OF THE MUTUAL BENEFITS FROM BILATERAL
COORDINATION OF NATIONAL LONG-TERM RESEARCH AND DEVELOP-
MENT POLICIES CAN ONLY BE DETERMINED, AND THEREAFTER
ASSESSED, THROUGH A COMPREHENSIVE JOINT STUDY WHICH
RECEIVES THE FULL AND CONSCIENTIOUS SUPPORT OF BOTH
GOVERNMENTS. THE US PREVIOUSLY HAS NOT ATTEMPTED SUCH
AN EFFORT WITH ANY COUNTRY; THIS STUDY WOULD BE AN EX-
PERIMENT AND IN ITSELF A VALUABLE EDUCATION FOR THE
US. IN THE FUTURE THE EXISTENCE OF A CENTRALIZED EURO-
PEAN COMMUNITY RESEARCH AND DEVELOPMENT PROGRAM, APPROX-
IMATELY EQUAL IN SIZE TO THAT OF THE
U.S., WOULD FORCE SOME FORM OF SIMILAR COOPERATIVE EF-
FORT. THE STUDY WOULD IMPROVE MUTUAL UNDERSTANDING OF
EACH COUNTRY'S FUTURE R&D PROGRAM OBJECTIVES; IDENTIFY
AREAS FOR POSSIBLE COLLABORATION AND EVALUATE THEIR
IMPACT ON TRADE AND EMPLOYMENT; AND IDENTIFY CHANGES IN
NATIONAL LAWS, REGULATIONS, POLICIES AND PRACTICES WHICH
COULD ENHANCE THE MUTUAL BENEFIT OF LONG-TERM INDUSTRIAL
RESEARCH AND DEVELOPMENT COOPERATION.

OBJECTIVE: HANDLE TRAVEL EXPLOSION CONSISTENTLY
WITH HUMAN IMAGE OF THE UNITED STATES.

COURSE OF ACTION: PROVIDE COURTEOUS AND EFFICIENT
CONSULAR SERVICES TO US CITIZENS AND ALIENS.

42. WE SHOULD SEEK TO IMPROVE THE IMAGE OF THE FOREIGN
SERVICE WITH BOTH THE AMERICAN AND FOREIGN PUBLICS BY
PROVIDING COURTEOUS AND EFFICIENT CONSULAR SERVICES.
TO DO THIS WE MUST HAVE THE RESOURCES NOT ONLY TO PER-
FORM REQUIRED STATUTORY SERVICES EXPEDITIOUSLY, BUT ALSO
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TO HANDLE SELECTIVELY CERTAIN FRINGE SERVICES WHICH,
WHILE NOT STRICTLY PRESCRIBED BY LAW, ARE REASONABLE AND
IMPORTANT TO THE AMERICANS WHO ASK FOR THEM. THE
EMBASSY'S OFFICE OF VISA SERVICES SHOULD WORK CLOSELY
WITH THE US TRAVEL SERVICE, THE AMERICAN CHAMBER OF
COMMERCE, THE TOURIST ORGANIZATIONS AND THE AIRLINES TO

TAKE MAXIMUM ADVANTAGE OF THE TRAVEL EXPLOSION FOR THE PURPOSE OF ENCOURAGING PEOPLE TO VISIT THE UNITED STATES. FAST AND EFFICIENT VISA SERVICES WITH A MINIMUM OF "RED TAPE" FOR THE TRAVELER SHOULD BE A PRIMARY OBJECTIVE BOTH IN PARIS AND AT THE CONSTITUENT POSTS. MEETING THESE OBJECTIVES WILL REQUIRE CERTAIN PERSONNEL INCREASES IN THE CONSULAR AREA, DISCUSSED IN THE COMPANION TELEGRAM -- RESOURCE ASSESSMENTS: PARTS II AND III.

OBJECTIVE: A MORE FORTHCOMING GOF ATTITUDE TOWARD THE EXTRADITION OF TERRORISTS.

COURSE OF ACTION: RECIPROCITY.

43. IN ORDER TO ENCOURAGE THE FRENCH TO ADOPT MORE RESTRICTIVE CRITERIA IN JUDGING WHETHER A TERRORISTIC CRIME IS POLITICAL, WE SHOULD BE MORE FORTHCOMING IN COMPLYING WITH THEIR REQUESTS FOR EXTRADITION.

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Message Attributes

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